

ANNUAL REPORT 2013



Yousaf Weaving Mills Limited



CONTENTS

Company Information	02
Notice of Annual General Meeting	03
Directors' Report to the Shareholders	04
Statement of Compliance with the Code of Corporate Governance	06
Auditors' Review on Compliance of the Code of Corporate Governance	08
Auditors' Report to the Members	09
Balance Sheet	10
Profit & Loss Account	12
Statement of Comprehensive Income	13
Cash Flow Statement	14
Statement of Changes in Equity	15
Notes to the Accounts	16
Key Financial Data of Last Six Years	45
Pattern of Shareholding	47
Form of Proxy	51

COMPANY INFORMATION**BOARD OF DIRECTORS**

Khawaja Mohammad Nadeem	(Chief Executive)
Khawaja Mohammad Jawed	(Director)
Khawaja Mohammad Jahangir	(Director)
Khawaja Mohammad Tanveer	(Director)
Khawaja Mohammad Kaleem	(Director)
Mr. Mohammad Naveed	(Director)
Mr. Danish Tanveer	(Director)
Mr. Mohammad Tariq Sufi	(Independent Director)

AUDIT COMMITTEE

Mr. Mohammad Tariq Sufi	(Chairman)
Khawaja Mohammad Kaleem	(Member)
Mr. Danish Tanveer	(Member)

HR & REMUNERATION COMMITTEE

Khawaja Mohammad Kaleem	(Chairman)
Khawaja Mohammad Nadeem	(Member)
Mr. Mohammad Naveed	(Member)

COMPANY SECRETARY

Mr. Muhammad Jahangir Khan jahangir@chakwalgroup.com.pk	BA (LLB), MBA, DTL, ACIS
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CHIEF FINANCIAL OFFICER

Mr. Nadeem Anwar	(ACA)
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BANKERS

Habib Metro Bank Limited
National Bank of Pakistan
Askari Bank Limited
The Bank of Punjab

AUDITORS

Aslam Malik & Co.
Chartered Accountants
Suite # 18-19, Ist Floor,
Central Plaza, Civic Centre,
New Garden Town, Lahore. Pakistan

CORPORATE & REGISTERED OFFICE

7/1-E-3 Main Boulevard Gulberg III, Lahore
Tel : (042) 35717510
Fax : (042) 35755760

SHARE REGISTRARS

Corp link (Pvt) Limited
Wings Arcade, 1-K, Commercial,
Model Town, Lahore
Tel : (042) 35839182
Fax : (042) 35869037

Weaving Unit

49-Kilometer
Multan Road, Bhai Phero, District Kasur.
Tel: (04943) 540083-4

SPINNING UNIT

7-Kilometer
Multan Road, Pattoki.
Tel: (0342) 43541291

DAIRY UNIT

3.5-Kilometer Ratta Sharif Road,
Tehsil Kallar Kahar, Distric Chakwal.

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the 26th Annual General Meeting of **YOUSAF WEAVING MILLS LIMITED** will be held on Thursday, October 31, 2013 at 12:00 p.m. at 7/1 - E-3, Main Boulevard Gulberg III, Lahore to deal with the following matters :-

ORDINARY BUSINESS:

1. To confirm the minutes of Annual General Meeting held on October 31, 2012.
2. To receive and adopt the audited accounts of the Company for the year ended June 30, 2013 together with the reports of directors and auditors thereon.
3. To reappoint auditors for the year ending June 30, 2014 and to fix their remuneration.
4. To transact any other business with the permission of the Chair.

BY ORDER OF THE BOARD

Lahore:
October 09, 2013

MUHAMMAD JAHANGIR KHAN
Company Secretary / General Manager (Legal)

NOTES:

1. The share transfer books of the Company will remain closed from October 24, 2013 to October 31, 2013 (both days inclusive).
2. A member entitled to attend the meeting may appoint another member as his/her proxy to attend the meeting of him/her behalf. Proxies in order to be effective must be received by the Company not later than 48 hours before the meeting.
3. The beneficial owner of the shares of the company in the central depository system of the CDC or his/her proxy entitled to attend this meeting shall produce his/her original CNIC or passport to prove the identity. CDC Account Holders will further have to follow the guidelines as laid down in Circular No. 1 dated 26 January 2000 issued by the Securities and Exchange Commission of Pakistan.
4. Shareholders are requested to immediately notify the change in their address, if any, and also send copy of CNIC for filing annual return of company to our share registrar M/s Corplink (Pvt) Limited, Wings Arcade, 1-K, Commercial, Model Town, Lahore. Tel. 042-3583 9182.

DIRECTORS' REPORT TO THE SHAREHOLDERS

The Directors of the Company are pleased to present before you the audited Financial Statements for the year ended June 30, 2013.

Your company has achieved success to gain the lost momentum of profitability for the financial year 2012-13 ended on June 30, 2013. The strenuous efforts of the management turn round the operating performance with a profit before tax of Rs 58.290 million and put it on the path of consistent profitability. The company achieved after tax profit of Rs 34.084 million. Total sales during the year stood at Rs. 2,839.789 million as compared to Rs. 2,376.625 million during the corresponding period depicting an increase of 19.48% over corresponding period. The management is always committed to control the cost. The marginal increase in the administrative expenses is due to inflationary impact where as distribution expenses decreased due to reduced export sale volume as compared to corresponding period. Other operating income increases mainly owing to Gain on disposal of property, plant and equipment and Gain on fair market valuation of biological assets. During the year under review, finance costs decreased to Rs. 81,735,922 as compare to Rs. 117,145,485 the previous year. This is mainly due to repayment of long term and reduction of short term financing liabilities. During the year company invested Rs. 82,674,665 in Balancing, Modernization Replacement of building, plant and machinery and other assets.

Our weaving segment achieve good financial result in the year 2012-13 as compared to corresponding year and we are hopeful to maintain profitability in the upcoming year. However, our ability to increase the performance during the financial year 2013-14 is dependent on uninterrupted supply of energy, continued strong demand and stability of prices in both local and international market, stable law and order situation and economic policies of the new government. Government has recently increased the tariffs of both electricity and gas exorbitantly which have made the cost uncompetitive in the international market. This unprecedented rise in tariff will have its adverse impact on the overall operating performance of the company. In monetary policy statement announced in September 2013, SBP raised the interest rates by 50 bps owing to rupee devaluation and recent revenue generation measure taken by the Government to check its daunting fiscal deficit. In the coming year, the inflationary pressures are expected to further exert pressure on economy and necessitate further increase in interest rate.

Economy of the country is suffering badly at the hands of multifaceted factors, especially the fuel and power prices and law and order situation. The customers are consistently asking for price whereas on the other hand, cost of production continued upward rally. International customers ask for un-interrupted supply of good quality products which is not possible in current circumstances. Consequently, good customers are diverting their purchases to other neighboring countries. The Government needs to address the problems of biggest industrial sector on priority basis. Many of the textile companies have shut down because of the continued loss rendering thousands jobless and resulting in huge exchange losses. In previous year it was resolved to dispose off the dairy segment for which necessary legal formalities and sales options are under in process. Management making all its possible effort to sell the dairy division at maximum price.

Salient Aspects of Company's Control and Reporting System.

The Company Complies with all the requirements of the Code of Corporate Governance as contained in the listing regulations of the Stock Exchanges. To fulfill this role, the Board is responsible to implement overall corporate governance in the company including approval of the strategic direction as recommended by the Management, approving and monitoring capital expenditure, appointing, removing and creating succession policies for the senior management, establishing and monitoring the achievement of management's goals and ensuring the integrity of internal control and Management Information System. It is also responsible for approving and monitoring financial and other reporting. The Board has delegated responsibility for operation and administration of the company to the Chief Executive/ Managing Director. Responsibilities are delineated by formal authority delegations. The Board has constituted the following committees which work under the guidance of Board of Directors -

- a) Audit Committee
- b) Human Resource Committee

Independent Director

The Board welcomed Mr. Mohammad Tariq Sufi who has been elected in EOGM held on March 04, 2013 as independent director on the board and appointed as Chairman of Audit Committee.

Board of Directors' Meeting**a) Board of Directors**

Name of Directors	No of Board Meetings	
	Held	Attended
1. Khawaja Mohammad Javed	4	4
2. Khawaja Mohammad Jahangir	4	3
3. Khawaja Mohammad Tanveer	4	4
4. Khawaja Mohammad Kaleem	4	3
5. Khawaja Mohammad Nadeem	4	4
6. Mr. Mohammad Naveed	4	4
7. Mr. Danish Tanveer	4	4
8. Mr. Mohammad Tariq Sufi	4	1

b) Audit Committee

1. Mr. Mohammad Tariq Sufi	5	1
2. Khawaja Mohammad Kaleem	5	5
3. Mr. Danish Tanveer	5	5

c) HR & Remuneration Committee

1. Khawaja Mohammad Kaleem	5	5
2. Khawaja Mohammad Nadeem	5	5
3. Mr. Mohammad Naveed	5	5

All meetings of the Board met minimum quorum prescribed by the Code of Corporate Governance and also attended by the Chief Financial Officer and the Company Secretary, However the Board granted leave of absence to the directors who could not attend the meetings due to their pre-occupation.

Related Parties

The transactions between the related parties were carried out at an arm's length basis. The company has fully complied with the best practices of the transfer pricing as contained in the listing regulation of stock exchanges in Pakistan.

Corporate Social Responsibilities & Sustainable Environment Care

Yousaf Weaving has always been a socially responsible corporate entity which feels obliged in paying back to the society, from which we derive economic gains.

Shareholding Pattern

The pattern of shareholding as on 30-06-2013 and its disclosure as required in the Code of Corporate Governance is annexed with this report;

Auditors

The present auditors Messrs. Aslam Malik & Co., Chartered Accountants will stand retired at the conclusion of the 26th Annual General Meeting. However, they have expressed their willingness for re-appointment. They have also been recommended by the Audit Committee as external Auditors till conclusion of 27th Annual General Meeting on existing terms and conditions.

Acknowledgement

The directors express their deep appreciation to valued shareholders, customers, suppliers and financial institutions / Governmental departments for their cooperation and Company's employees for their hard work and commitment which enabled the company to achieve good operational results.

The Board is of the opinion that with sustained efforts and ALLAH's blessing, the company will remain on its way to success.

For and on behalf of the Board

Lahore:
October 09, 2013

Khawaja Mohammad Nadeem
Chief Executive Officer

STATEMENT OF COMPLIANCE WITH THE CODE OF CORPORATE GOVERNANCE

This statement is being presented to comply with the Code of Corporate Governance (CCG) contained in regulation No. 35 of listing regulations of both Karachi Stock Exchange and Lahore Stock Exchange for the purpose of establishing a framework of good governance, whereby a listed company is managed in compliance with the best practices of corporate governance.(CCG)

The company has applied the principles contained in the CCG in the following manner:

1. The company encourages the representation of independent non-executive directors on its Board of Directors. At present the Board includes -

Category	Names
Independent Director	1. Mr. Mohammad Tariq Sufi
Executive Directors	1. Khawaja Mohammad Jahangir 2. Khawaja Mohammad Nadeem
Non Executive Directors	1. Khawaja Mohammad Javed 2. Khawaja Mohammad Tanveer 3. Khawaja Mohammad Kaleem 4. Mr. Mohammad Naveed 5. Mr. Mohammad Danish Tanveer

2. The directors have confirmed that none of them is serving as a director on more than seven listed companies, including this company.(excluding the listed subsidiaries of listed holding companies wherever applicable)
3. All the resident directors of the company are registered as taxpayers and none of them has defaulted in payment of any loan to a banking company, a DFI or an NBFIs, being a member of stock exchange, has been declared as a defaulter by that stock exchange.
4. No casual vacancy occurred in the Board during the year.
5. The company has prepared a "Code of Conduct" and has ensured that appropriate steps have been taken to disseminate it throughout the company along with its supporting policies and procedures.
6. The Board has developed a vision /mission statement, overall corporate strategy and significant policies of the company. A complete record of particulars of significant policies along with the dates on which they were approved or amended has been maintained.
7. All the powers of the Board have been duly exercised and decisions on material transactions, including appointment and determination of remuneration and terms and condition of employment of the Chief Executive and other working director(s) have been taken by the board/shareholders.
8. The meetings of the Board were presided over by the Chief Executive or in his absence other director elected by the board for this purpose. The Board met at least once in every quarter. Written notices of the Board meetings, along with agenda and working papers were circulated at least seven days before the meetings. The minutes of the meetings were appropriately recorded and circulated.
9. The Directors at Yousaf Weaving Mills Board are fully conversant with their duties and responsibilities as Director of corporate bodies. The Chief Executive recommends that the members of the Board should approach him, should they feel any necessity to conduct other orientation courses in this regard.
10. The Board has already approved appointment of Chief Financial Officer, Company Secretary and Internal Auditor, their remuneration and terms & conditions of employment.
11. The director's report for this year has been prepared in compliance with the requirements of the CCG and fully describes the salient matters required to be disclosed.

12. The financial statements of the company were duly endorsed by CEO and CFO before approval of the Board.
13. The directors, CEO and executives do not hold any interest in the shares of the company other than that disclosed in the pattern of shareholding.
14. The company has complied with all the corporate and financial reporting requirements of the CCG.
15. The Board has formed an Audit Committee, It comprises of three members, of whom all are non executive directors and the chairman of the committee is an independent director.
16. The meetings of the Audit Committee were held at least once every quarter prior to approval of interim and final results of the Company and as required by the CCG. The terms of references of the committee have been formed and advised to the committee for compliance.
17. The board has formed an HR and Remuneration committee; It comprises of three members, including the CEO and the non executive directors while the chairman of the committee is a non executive director.
18. The Board has set up an effective internal audit department which is suitably qualified and experienced for the purpose and is conversant with the policies and procedures of the company.
19. The statutory auditors of the company have confirmed that they have been given satisfactory rating under the quality control review program of the ICAP, that they or any of the partners of the firm, their spouses and minor children do not hold shares of the Company and that the firm and all its partners are in compliance with International Federation of Accountants (IFAC) guidelines on code of ethics as adopted by ICAP.
20. The statutory auditors or the persons associated with them have not been appointed to provide other services except in accordance with the listing regulations and the auditors have confirmed that they have observed IFAC guidelines in this regard.
21. The "closed period" prior to the announcement of interim/final results and business decisions which may materially affect the market price of Company's securities, was determined and intimated to directors, employees and stock exchange(s).
22. Material/price sensitive information has been disseminated among all market participants at once through stock exchange(s).
23. All related party transactions entered during the year were at arm's length basis and these have been placed before the Audit Committee and Board of Directors. These transactions are duly reviewed and approved by Audit Committee and Board of Directors.
24. We confirm that all other material principles enshrined in the CCG have been complied with.

Lahore:
October 09, 2013

Khawaja Mohammad Nadeem
Chief Executive

**REVIEW REPORT TO THE MEMBERS
ON STATEMENT OF COMPLIANCE WITH BEST PRACTICES
OF CODE OF CORPORATE GOVERNANCE**

We have reviewed the Statement of Compliance with the best practices ("the Statement") contained in the Code of Corporate Governance prepared by the Board of Directors of **Yousaf Weaving Mills Limited** ("the Company") to comply with the Listing Regulations of Karachi Stock Exchange Limited and Lahore Stock Exchange Limited where the Company is listed.

The responsibility for compliance with the Code of Corporate Governance is that of the Board of Directors of the Company. Our responsibility is to review, to the extent where such compliance can be objectively verified, whether the Statement of Compliance reflects the status of the company's compliance with the provisions of the Code of Corporate Governance and report if it does not. A review is limited primarily to inquiries of the company personnel and review of various documents prepared by the Company to comply with the Code.

As part of our audit of financial statements we are required to obtain an understanding of the accounting and internal control systems sufficient to plan the audit and develop an effective audit approach. We are not required to consider whether the board's statement on internal control covers all risks and controls, or to form an opinion on the effectiveness of such internal controls, the company's corporate governance procedures and risks.

Further, sub- regulation (Xiii) of listing regulations 35 notified by The Karachi Stock Exchange Limited vide circular KSE/N-269 dated January 19,2009 requires the Company to place before the Boards of Directors for their consideration and approval of related party transactions distinguishing between transactions carried out on terms equivalent to those that prevail in arm's length transactions and transactions which are not executed at arm's length price recording proper justification for using such alternate pricing mechanism. Further, all such transactions are also required to be separately placed before the audit committee. We are only required and have ensured compliance of requirement to the extent of approval of related parties transactions by the Board of Directors and placement of such transactions before the audit committee. We have not carried out any procedure to determine whether the related party transactions were undertaken at arm's length price or not.

Based on our review, nothing has come to our attention which causes us to believe that the Statement of Compliance does not appropriately reflect the Company's compliance, in all material respects, with the best practices contained in the Code of Corporate Governance, as applicable to the Company for the year ended June 30, 2013.

Lahore:
October 09, 2013

Aslam Malik & Co.
Chartered Accountants
Audit Engagement Partner: Mohammad Aslam Malik

AUDITORS' REPORT TO THE MEMBERS

We have audited the annexed balance sheet of YOUSAF WEAVING MILLS LIMITED ("the Company") at June 30, 2013 and the related profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof, for the year then ended and we state that we have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit.

It is the responsibility of the company's management to establish and maintain a system of internal control, and prepare and present the above said statements in conformity with the approved accounting standards and the requirements of the Companies Ordinance, 1984. Our responsibility is to express an opinion on these statements based on our audit.

We conducted our audit in accordance with the auditing standards as applicable in Pakistan. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the above said statements are free of any material misstatement. An audit include examining, on a test basis, evidence supporting the amounts and disclosures in the above said statements. An audit also includes assessing the accounting policies and significant estimates made by management, as well as, evaluating the overall presentation of the above said statements. We believe that our audit provides a reasonable basis for our opinion and, after due verification, we report that:

- (a) in our opinion, proper book of accounts have been kept by the company as required by the Companies Ordinance, 1984.
- (b) in our opinion
 - (i) the balance sheet and profit and loss account together with the notes thereon have been drawn up in conformity with the Companies Ordinance, 1984, and are in agreement with the books of account and are further in accordance with accounting policies consistently applied.
 - (ii) the expenditure incurred during the year was for the purpose of the company's business; and
 - (iii) the business conducted, investments made and the expenditure incurred during the year were in accordance with the objects of the company;
- (c) in our opinion and to the best of our information and according to the explanations given to us, the balance sheet, profit and loss account, statement of comprehensive income, cash flow statement and statement of changes in equity together with the notes forming part thereof conform with approved accounting standards as applicable in Pakistan, and, give the information required by the Companies Ordinance, 1984, in the manner so required and respectively give a true and fair view of the state of the company's affairs as at June 30, 2013 and of the profit, total comprehensive income, its cash flows and changes in equity for the year then ended, and
- (d) in our opinion no Zakat was deductible at source under the Zakat and Ushr Ordinance, 1980 (XVIII of 1980).

Lahore:
October 09, 2013

Aslam Malik & Co.
Chartered Accountants
Audit Engagement Partner: Mohammad Aslam Malik

BALANCE SHEET

	Note	2013 Rupees	2012 Rupees
CAPITAL AND LIABILITIES			
Share Capital and Reserves			
Authorized share capital 40,000,000 (2012: 40,000,000) ordinary shares of Rs. 10 each		400,000,000	400,000,000
Issued, subscribed and paid up share capital	5	400,000,000	400,000,000
Accumulated loss		(259,735,509)	(293,820,020)
		140,264,491	106,179,980
Non Current Liabilities			
Long term financing	6	550,357,712	373,315,378
Liabilities against assets subject to finance lease	7	13,202,307	5,538,745
Deferred liability	8	55,975,862	48,962,765
Long term advance	9	-	32,000,000
		619,535,881	459,816,888
Current Liabilities			
Trade and other payables	10	553,668,710	320,693,820
Accrued mark up	11	9,415,559	50,284,766
Short term borrowings	12	402,425,529	508,426,829
Current portion of non current liabilities	13	19,845,333	76,952,123
Provision for taxation	14	18,242,264	23,766,251
		1,003,597,395	980,123,789
Contingencies and Commitments	15	-	-
		1,763,397,767	1,546,120,657

The annexed notes 1-45 form an integral part to these financial statements.

AS AT JUNE 30, 2013

	Note	2013 Rupees	2012 Rupees
ASSETS			
Non Current Assets			
Property, plant and equipment	16	800,430,577	760,769,391
Intangible assets	17	1,109,625	1,358,724
Long Term Loans	18	16,965,195	14,286,536
Long term deposits	19	7,298,453	7,088,583
		825,803,850	783,503,234
Current Assets			
Stores and spares	20	56,461,388	40,706,550
Stock in trade	21	400,468,908	337,688,967
Trade debts	22	90,999,885	61,158,890
Loans and advances	23	106,432,862	111,324,998
Trade deposits, short term prepayments and other receivables	24	31,944,263	28,955,560
Sales tax refundable		25,629,001	13,609,341
Assets held for disposal	25	192,172,744	163,674,173
Cash and bank balances	26	33,484,866	5,498,944
		937,593,917	762,617,423
		1,763,397,767	1,546,120,657

(Danish Tanveer)
Director

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013 Rupees	2012 Rupees
Sales - net	27	2,839,789,275	2,376,625,141
Cost of sales	28	(2,598,569,584)	(2,214,995,538)
Gross Profit		241,219,691	161,629,603
Distribution cost	29	(46,619,574)	(72,593,254)
Administrative expenses	30	(70,653,505)	(65,594,458)
		(117,273,079)	(138,187,712)
Operating Profit		123,946,612	23,441,891
Other operating charges	31	(18,391,152)	(18,606,444)
Finance cost	32	(81,735,922)	(117,145,485)
Other operating income	33	34,470,674	1,232,486
Profit / (Loss) before Taxation		58,290,212	(111,077,552)
Taxation	34	(24,205,701)	(23,372,642)
Profit / (Loss) for the Year		34,084,511	(134,450,194)
Discontinued operations:			
(Profit) / Loss for the year from discontinued operations	25.1	(6,122,556)	17,598,246
Profit / (Loss) for the Year from Continuing Operations		27,961,955	(116,851,948)
Earning / (Loss) per Share - Basic	35		
- From continuing operations		0.70	(2.92)
- From discontinuing operations		0.15	(0.44)
- From profit / (loss) for the year		0.85	(3.36)

The annexed notes 1-45 form an integral part to these financial statements.

Lahore
October 09, 2013

(Khawaja Mohammad Nadeem)
Chief Executive

(Danish Tanveer)
Director

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED JUNE 30, 2013**

	2013	2012
	Rupees	Rupees
Profit / (Loss) for the Year	34,084,511	(134,450,194)
Other comprehensive income	-	-
Items that will not be reclassified to Profit or loss	-	-
Total Comprehensive income / (Loss) for the Year	<u>34,084,511</u>	<u>(134,450,194)</u>

The annexed notes 1-45 form an integral part to these financial statements.

Lahore
October 09, 2013

(Khawaja Mohammad Nadeem)
Chief Executive

(Danish Tanveer)
Director

**CASH FLOW STATEMENT
FOR THE YEAR ENDED JUNE 30, 2013**

	Note	2013	2012
		Rupees	Rupees
CASH GENERATED FROM OPERATIONS	36	276,483,231	187,839,308
Finance cost paid		(122,605,129)	(97,633,217)
Gratuity paid		(9,008,547)	(13,914,231)
Income tax paid		(14,983,753)	(22,691,121)
Dividend paid		-	(3,372)
Net Cash generated from Operating Activities		129,885,802	53,597,367
CASH FLOWS FROM INVESTING ACTIVITIES			
Property, plant and equipment purchased		(107,503,892)	(29,545,260)
Biological assets purchased		(7,782,423)	(30,610,290)
Capital work in progress		(8,579,943)	-
Proceeds from disposal of property, plant and equipment		16,093,102	4,442,082
Proceeds from sale of biological assets		3,968,026	9,315,963
Proceeds from sale of stores and raw material		13,844,173	6,444,938
Long term loans to employees		(960,041)	5,019,729
Long term deposits		(576,770)	512,200
Profit received on bank deposits		82	4,127
Net Cash used in Investing Activities		(91,497,686)	(34,416,511)
CASH FLOWS FROM FINANCING ACTIVITIES			
Long term financing - net		123,266,084	(43,952,885)
Liabilities against assets subject to finance lease		4,333,022	(8,262,316)
Short term borrowings		(106,001,300)	32,223,779
Long term advance		(32,000,000)	-
Net Cash generated (used in) / from Financing Activities		(10,402,194)	(19,991,422)
Net Increase (decrease) in Cash and Cash Equivalents		27,985,922	(810,566)
Cash and cash equivalents at the beginning of the year		5,498,944	6,309,510
Cash and Cash Equivalents at the End of the Year		33,484,866	5,498,944

The annexed notes 1-45 form an integral part to these financial statements.

Lahore
October 09, 2013

(Khawaja Mohammad Nadeem)
Chief Executive

(Danish Tanveer)
Director

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED JUNE 30, 2013**

Particulars	Paid Up Share Capital	Accumulated Loss	Total
	Rupees	Rupees	Rupees
Balance as at June 30, 2011	400,000,000	(159,369,826)	240,630,174
Total comprehensive loss for the year ended June 30, 2012	-	(134,450,194)	(134,450,194)
Balance as at June 30, 2012	400,000,000	(293,820,020)	106,179,980
Total comprehensive income for the year ended June 30, 2013	-	34,084,511	34,084,511
Balance as at June 30, 2013	400,000,000	(259,735,509)	140,264,491

The annexed notes 1-45 form an integral part to these financial statements.

Lahore
October 09, 2013

(Khawaja Mohammad Nadeem)
Chief Executive

(Danish Tanveer)
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED JUNE 30, 2013

Note 1

The Company and its Operations

- 1.1** The Company was incorporated on January 17, 1988 as a public limited company in Pakistan under the Companies Ordinance, 1984 and is quoted on Karachi and Lahore stock exchanges. The Company is engaged in the business of textile weaving, spinning and sale of processed fabric, home textile and dairy products. The registered office of the Company is situated at 7/1, E-3, Main Boulevard Gulberg III, Lahore.

The shareholders through an extra ordinary general meeting in the year 2012 has decided to sell its dairy unit located at district Chakwal. In line with IFRS 5 non current assets held for sale and discontinued operations, the operations relating to dairy unit have been classified as discontinued operations. The assets related to discontinued operations were transferred to assets held for disposal directly associated with assets classified as held for sale. Based on above the dairy operations of the Company are now classified under discontinued operations.

Note 2

Basis of Preparation

2.1 Statement of compliance

These financial statements have been prepared in accordance with approved accounting standards as applicable in Pakistan. Approved accounting standards comprise of such International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board as are notified under the Companies Ordinance, 1984, provisions of and directives issued under the Companies Ordinance, 1984. In case requirements differ, the provisions or directives of the Companies Ordinance, 1984 shall prevail.

2.2 Basis of measurement

These financial statements have been prepared under the historical cost convention except for the Company's liability under defined benefit plan (gratuity) that is determined based on the present value of defined benefit obligation less fair value of plan assets and less unrecognised actuarial losses and biological assets that are stated at fair value less estimated cost of sell.

2.3 Functional and presentation currency

Items included in the financial statements are measured using the currency of the primary economic environment in which the Company operates. The financial statements are prepared and presented in Pak Rupees which is the Company's functional and presentation currency.

2.4 Use of estimates and judgments

The preparation of financial statements in conformity with approved accounting standards, as applicable in Pakistan, requires management to make judgments, estimates and assumptions that affect the application of policies and the reported amount of assets, liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. The estimates underlying the assumptions are reviewed on an on going basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. Judgments made by the management in the application of approved accounting standards, as applicable in Pakistan, that have significant effect on the financial statements and estimates with significant risk of material judgment in the next year are described in the following:

- Property, plant and equipment and Intangible assets (notes 4.6)
- Trade debts and other receivables (note 4.11)
- Stores and spares and stock in trade (notes 4.9 & 4.10)
- Taxation (note 4.5)
- Staff retirement benefits (note 4.1)
- Impairment (note 4.15)

Note 3

Standards, amendments and interpretations which became effective during the year

The following standards, amendments and interpretations are effective for the year ended June 30, 2013. These standards, interpretation and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures:

Amendments to IAS 1 – Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	Effective from accounting period beginning on or after July 01, 2012
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3.1 New accounting standards and IFRS interpretation that are not yet effective

The following Standards, amendments and interpretations are only effective for accounting periods, beginning on or after the date mentioned against each of them. These standards, interpretations and the amendments are either not relevant to the Company's operations or are not expected to have significant impact on the Company's financial statements other than certain additional disclosures.

Amendments to IAS 1 – Presentation of Financial Statements – Clarification of Requirements for Comparative information	Effective from accounting period beginning on or after January 01, 2013
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Amendments to IAS 16 – Property, Plant & Equipment – Classification of servicing equipment	Effective from accounting period beginning on or after January 01, 2013
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Amendments to IAS 32 Financial Instruments: Presentation – Tax effects of distributions to holders of an equity instrument, and transaction costs of an equity transaction	Effective from accounting period beginning on or after January 01, 2013
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Amendments to IAS 32 Financial Instruments Presentation – Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2014
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Amendments to IAS 34 – Interim Financial Reporting – Interim reporting of segment information for total assets and total liabilities	Effective from accounting period beginning on or after January 01, 2013
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Amendments to IFRS 7 Financial Instruments: Disclosures – Offsetting financial assets and financial liabilities	Effective from accounting period beginning on or after January 01, 2013
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IFRIC 20 – Stripping Costs in the Production Phase of a Surface Mine	Effective from accounting period beginning on or after January 01, 2013
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Other than the aforesaid standards, interpretations and amendments, the International Accounting Standards Board (IASB) has also issued the following standards which have not been adopted locally by the Securities and Exchange Commission of Pakistan:

- IFRS 1 – First Time Adoption of International Financial Reporting Standards
- IFRS 9 – Financial Instruments
- IFRS 10 – Consolidated Financial Statements
- IFRS 11 – Joint Arrangements
- IFRS 12 – Disclosure of Interests in Other Entities
- IFRS 13 – Fair Value Measurement
- IAS 27 (Revised 2011) – Separate Financial Statements due to non-adoption of IFRS 10 and IFRS 11
- IAS 28 (Revised 2011) – Investments in Associates and Joint Ventures due to non-adoption of IFRS 10 and IFRS 11

The potential impact of standards, amendments and interpretations not yet effective on the financial statements on the Company is as follows:

The amendments to IAS 19 Employee Benefits are effective for annual period beginning on or after January 1, 2013. The amendments eliminate the corridor approach and therefore require an entity to recognize changes in defined benefit plans obligations and plan assets when they occur. All actuarial gains or losses arising during the year are recognized immediately through other comprehensive income.

Note 4

Significant Accounting Policies

4.1 Staff retirement benefits

Defined benefits plan

The Company operates an unapproved unfunded gratuity scheme for all its permanent employees, whose period of service is one year or more. Under this scheme, gratuity is paid to retiring employees on the basis of their last drawn gross salary for each completed year of services, calculated from the start of service to the date of retirement. Company's obligation under the scheme is determined through actuarial valuations carried out under the "Projected Unit Credit Method". Actuarial valuations are carried out annually and the latest valuation was conducted at the balance sheet date.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10% of present value of defined benefit obligation or 10% of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

Net cumulative unrecognized actuarial gains / losses relating to previous reporting periods in excess of the higher of 10% of present value of defined benefit obligation or 10% of the fair value of plan assets are recognized as income or expense over the estimated remaining working lives of the employees.

4.2 Compensated absences

The Company provides for the compensated absences of its employees on unavailed balances of leaves in the period in which the leaves are earned. Provisions are made annually to cover the obligation for compensated absences and are charged to profit and loss account. Un-encashed leaves can be carried forward upto maximum period of three years.

4.3 Provisions

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate of the amount can be made.

4.4 Trade and other payables

Liabilities for trade and other amounts payable are carried at cost which is the fair value of the consideration to be paid or given in future for goods and services received or to be delivered or for any other amount, whether or not billed to the Company.

4.5 Taxation

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax expense is recognized in the profit and loss account except to the extent that relates to items recognized directly in equity, in which case it is recognized in equity.

Current

Charge for the current taxation for the year is based on taxable income at the current rates of taxation after taking into account tax rebates and credits available, if any.

Deferred

Deferred tax is accounted for using the balance sheet liability method in respect of all temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of the taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences and deferred tax assets are recognized to the extent that it is probable that taxable profits are available against which the deductible temporary differences, unused tax losses and tax credits can be utilized.

Carrying amount of all deferred tax assets is reviewed at each balance sheet date and adjusted to the appropriate extent, if it is no longer probable that sufficient taxable profits would be available to allow all or part of deferred tax assets to be utilized. Tax rates enacted at the balance sheet date are used to determine deferred income tax.

Note 4 - Significant Accounting Policies ... Contd.

4.6 Property, plant and equipment

Owned

Property, plant and equipment are stated at cost less accumulated depreciation and identified impairment losses except free hold land which is stated at Cost. Cost of property, plant and equipment consists of historical cost, borrowing cost pertaining to the construction and erection period and directly attributable cost of bringing the assets into working condition.

Depreciation is charged to income on reducing balance method at the rates specified in Note 16. Full month's depreciation is charged on additions during the month, whereas no depreciation is charged on the assets disposed off during the month. Where an impairment loss is recognized, the depreciation charge is adjusted in the future periods to allocate the asset's revised carrying amount over its estimated useful life.

Maintenance and normal repairs are charged to income as and when incurred. Major renewals and replacements are capitalized. Gains or losses on disposal of property, plant and equipment are included in the current year income.

Leased

The Company accounts for assets acquired under finance lease by recording assets and related liabilities. Principal values are determined on the basis of discounted values of total minimum lease payments to be paid by the Company. Finance costs are allocated to the accounting period in a manner so as to provide a constant periodic rate of charge on outstanding liabilities. Depreciation is charged on the same basis as owned assets at the rates specified in Note 16 to write off the cost of assets over their estimated useful life.

Capital work-in-progress is stated at cost less any identified impairment loss.

4.7 Intangible asset

An intangible asset is recognized as an asset if it is probable that future economic benefits attributable to the asset will flow to the entity and the cost of such asset can be measured reliably. Cost of intangible assets i.e. ERP and other software include purchase cost and directly attributable expenses incidental to bring the software for its intended use.

Cost that are directly associated with identifiable software and have probable economic benefits beyond one year, are recognized as an intangible assets. However, costs associated with the maintenance of software are recognized as an expense.

Intangibles are measured initially at cost and subsequently stated at cost less accumulated amortization and identified impairment losses, if any. Amortization is charged to income using reducing balance as specified in Note 17. The amortization period and the amortization method for an intangible asset are reviewed, at each financial year end, and adjusted if impact on amortization is significant.

4.8 Biological assets

Biological assets comprise of livestock. These are stated at fair value less estimated point-of-sale costs, with any resultant gain or loss recognized in the profit and loss account. The fair value of livestock is estimated on the basis of market prices of livestock of similar age, breed and genetic merit. Point-of-sale costs include all costs that are necessary to sell the assets, excluding costs necessary to get the assets to the market.

4.9 Stores and spares

These are valued at lower of moving average cost and net realizable value whilst items considered obsolete are carried at nil value. Cost of items in transit comprises invoice value plus incidental charges paid thereon.

4.10 Stock in trade

These have been valued at the lower of cost and net realizable value. Cost has been determined as follows:

Raw and packing materials	- Moving average cost
Materials in transit	- Cost and incidental charges paid thereon
Work in process	- Estimated average manufacturing cost
Finished goods	- Average manufacturing cost

Note 4 - Significant Accounting Policies ... Contd.

Manufacturing cost in relation to work in process and finished goods comprises cost of material, labour and appropriate manufacturing overheads. Net realizable value signifies the estimated selling price in the ordinary course of business less necessary cost to make the sale.

4.11 Trade debts

All outstanding debts are reviewed at the balance sheet date. The Company recognizes and carries these debts at original invoice amount less an allowance for any uncollectible amounts. Bad debts, if any, are written off as incurred and provision is made against debts considered doubtful when collection of the full amount is no longer probable.

4.12 Financial instruments

Financial instruments are recognized in the financial statements when the Company becomes a party to the contract and ceases to recognize when it loses control of contractual rights, in case of financial assets, and in case of financial liability when liability is extinguished. Any gain or loss on subsequent remeasurement / derecognizing is charged to income.

4.13 Off-setting of financial assets and financial liabilities

A financial asset and financial liability is offset and the net amount is reported in the balance sheet if the Company has a legally enforceable right to set-off the recognized amounts and intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

4.14 Cash and cash equivalents

Cash and cash equivalents are carried at cost. For the purpose of cash flow statement, cash and cash equivalents comprise cash in hand and cash at banks in current and saving accounts.

4.15 Impairment

The carrying amount of the Company's assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated in order to determine the extent of the impairment loss, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. In the absence of any information about the fair value, the recoverable amount is determined to be the value in use. Impairment losses are recognized as expense in the profit and loss account.

4.16 Borrowing cost

Borrowing cost are charged to income as and when incurred except costs that are directly attributable to acquisition, construction or production of qualifying assets that are capitalized as part of the cost of assets.

4.17 Foreign currency transactions

Transactions denominated in foreign currencies are initially recorded at Pak Rupees by applying the foreign exchange rate ruling on the date of transaction. All monetary assets and liabilities in foreign currencies are translated into Pak Rupees at exchange rate prevailing at the balance sheet date except for balances covered under forward exchange contracts, which are converted at the contracted rates. Exchange differences are included in profit and loss account.

4.18 Related party transactions

Transactions in relation to sales, purchases and services with related parties are made at arm's length prices determined in accordance with the Company's policy except for the allocation of expenses such as utilities, rental and common overheads relating to the corporate office shared with related parties, which are on actual basis.

4.19 Segment reporting

Operating segments are reported in a manner consistent with the internal reporting structure. Management monitors the operating results of its business units separately for the purpose of making decisions regarding resource allocation and performance assessment.

Segment results, assets and liabilities include items directly attributable to segment as well as those that can be allocated on a reasonable basis. Segment assets consist primarily of property, plant and equipment, intangibles, stores and spares, stock in trade and trade and other debts. Segment liabilities comprise of operating liabilities and exclude items such as taxation and corporate liabilities.

Note 4 - Significant Accounting Policies ... Contd.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment and intangible assets.

4.20 Revenue recognition

- Local and export sales are recorded on dispatch of goods to customers.
- Processing income is recognised on the basis of services rendered to customers.
- Profit on bank deposits is recognized on a time proportion basis that takes into account the effective yield on the deposits.
- Rebates on exports, if any, are accounted for on accrual basis.

4.21 Dividend

Dividends are recognized as a liability in the period in which these are declared.

Note 5

Issued, Subscribed and Paid Up Capital

2013	2012		2013	2012
No. of Shares	No. of Shares		Rupees	Rupees
40,000,000	40,000,000	Ordinary shares of Rs. 10 each fully paid in	400,000,000	400,000,000
<u>40,000,000</u>	<u>40,000,000</u>		<u>400,000,000</u>	<u>400,000,000</u>

- 5.1** 75,000 (2012: 75,000) shares representing 0.19% equity of the Company are held by Naveed Industries (Private) Limited, an associated company.

Note 6

Long Term Financing

	Note	2013 Rupees	2012 Rupees
Banking companies - Secured			
Long term financing	6.1	56,725,000	140,976,250
Less:			
- Current portion	13	<u>(15,100,000)</u>	<u>(68,876,250)</u>
		41,625,000	72,100,000
Related parties - Unsecured			
Loan from directors - subordinated	6.2	<u>508,732,712</u>	<u>301,215,378</u>
		<u>550,357,712</u>	<u>373,315,378</u>

- 6.1** These facilities have been obtained under LTF - EOP and LTFF schemes of State Bank of Pakistan (SBP) and under normal demand / term financing for the purchase of plant and machinery. These are repayable in equal quarterly installments with grace periods where applicable. These carry mark-up from 7% to 10.40% (2012: 7% to 9%) per annum for SBP schemes and KIBOR+2% to 2.5% (2012 KIBOR+2% to 2.5%) per annum for demand/term finance. The loans are secured against exclusive charge over textile machinery, hypothecation of stocks of weaving unit of the Company, export letters of credit and personal guarantees of directors of the Company. The facilities are repayable latest by March 2018.

- 6.2** These loans are unsecured, interest free and are under subordination agreement with banks.

Note 7

Liabilities Against Assets Subject To Finance Lease

Future minimum lease payment under finance lease together with present value of net minimum lease payments are as follows:

	2013		2012	
	Minimum lease payment	Present Value	Minimum lease payment	Present Value
-----Rupees-----				
Within one year	6,313,007	4,745,333	9,099,008	8,075,873
After one year but not more than five years	14,739,134	13,202,307	5,319,472	5,538,745
Total Minimum lease payments	21,052,141	17,947,640	14,418,480	13,614,618
Amount representing finance charges	(3,104,501)	-	(803,862)	
Present value of minimum lease payments	17,947,640	17,947,640	13,614,618	13,614,618
Less: Current portion	(4,745,333)	(4,745,333)	(8,075,873)	(8,075,873)
	<u>13,202,307</u>	<u>13,202,307</u>	<u>5,538,745</u>	<u>5,538,745</u>

7.1 This represents finance lease arrangements entered into with banks to acquire vehicles . Financing rates ranging from 12.5% to 15% (2012: 12.5% to 20%) per annum, approximately, have been used as discounting factor. Taxes, repairs, replacement and insurance costs are borne by the Company.

7.2 Lease liabilities are secured against title of leased assets, personal guarantees of directors and security deposits amounting to Rs. 6.789 million (2012: Rs. 6.219 million).

Note 8

Deferred Liability

	Note	2013	2012
		Rupees	Rupees
Gratuity payable	8.1	32,019,954	29,249,008
Deferred tax - net	8.2	23,955,908	19,713,757
		<u>55,975,862</u>	<u>48,962,765</u>

8.1 Staff Gratuity-Defined Benefit Plan

Company operates unfunded gratuity scheme for its employees that pays a lump sum gratuity to members on leaving company's service after completion of one year of continuous service. The future contribution rates of the scheme include allowances for deficit and surplus. Projected unit credit method based on the following significant assumptions s used for valuation of this scheme. The latest actuarial valuation was carried out by Nauman Associates as on June 30, 2013.

8.1.1 Present value of defined benefit obligation	37,349,375	32,936,547
Plus actuarial gain / (loss) to be recognized in later period	(5,329,421)	(3,687,539)
	<u>32,019,954</u>	<u>29,249,008</u>

8.1.2 The amounts recognised in profit and loss account and balance sheet are as follows:

Current service cost	7,069,905	9,207,197
Interest Cost	4,611,117	4,576,524
Actuarial (Gain)/Loss	98,471	-
	<u>11,779,493</u>	<u>13,783,721</u>

8.1.3 Movement in liability recognized in the balance sheet

Opening balance	29,249,008	29,379,518
Charge for the year	11,779,493	13,783,721
Benefits paid to outgoing employees	(9,008,547)	(13,914,231)
Closing balance	<u>32,019,954</u>	<u>29,249,008</u>

Note 8 - Deferred Liability ... Contd.

8.1.4 Allocation of charge for the year

Cost of sales	6,554,481	8,542,243
Administrative expenses	5,225,012	5,241,478
	<u>11,779,493</u>	<u>13,783,721</u>

8.1.5 The principal actuarial assumption used were as follows

Discount rate	10.5%	14%
Expected rate of increase in salary	9.5%	13%
Average expected remaining working life time of employees	5 years	4 years

This represents an interest free and unsecured long term advance received from a customer against the exclusive sale commitment of a particular quality of waste to him for a period of six years. The same has been extended / renewed for a further period of five years and shall be adjusted in the year 2017 or shall be extended / renewed for a further term as mutually agreed between the parties.

8.2 Deferred tax liability - Net

	2013	2012
	Rupees	Rupees
Taxable temporary differences		
- Accelerated tax depreciation	92,037,060	87,046,699
Deducted temporary differences		
- Recognized losses	(62,229,268)	(63,625,566)
- Staff retirement benefits and others	(5,851,884)	(3,707,376)
	<u>(68,081,152)</u>	<u>(67,332,942)</u>
	<u>23,955,908</u>	<u>19,713,757</u>

Note 9

Long Term Advance

		2013	2012
	Note	Rupees	Rupees
Long term advance from customer	9.1	-	<u>32,000,000</u>

9.1 In the year 2012, this represents advances obtained from major customer that has been adjusted. The advance was unsecured and interest free.

Note 10

Trade and Other Payables

		2013	2012
	Note	Rupees	Rupees
Creditors			
- Secured	10.1	106,557,576	110,248,028
- Unsecured	10.2	359,761,543	145,699,315
Accrued liabilities		69,836,855	50,973,159
Unclaimed dividend		3,107,771	3,107,771
Workers' (profit) participation fund	10.3	10,386,278	6,750,438
Income tax payable		695,162	1,188,018
Other liabilities		3,323,525	2,727,092
		<u>553,668,710</u>	<u>320,693,820</u>

10.1 These are secured against letters of credit issued by the bankers of the Company.

10.2 This includes amount due to following related parties on account of raw material purchases as follows:

	2013	2012
	Rupees	Rupees
Chakwal Spinning Mills Limited	-	343,440
Chakwal Textile Mills Limited	-	1,825,371
Kohinoor Spinning Mills Limited	8,302,633	5,242,426
	<u>8,302,633</u>	<u>7,411,237</u>

Note 10 - Trade and other payables ... Contd.

10.3 Workers' (profit) participation fund

	2013	2012
	Rupees	Rupees
Opening balance	6,750,438	6,022,608
Charge for the year	2,664,651	-
Interest for the year	971,189	727,830
	<u>10,386,278</u>	<u>6,750,438</u>
Payments made during the year	-	-
	<u>10,386,278</u>	<u>6,750,438</u>

The Company retained workers' profit participation fund for its business operation. Interest was provided at the prescribed rate under the Companies Profit (Workers') Participation Act, 1968.

Note 11

Accrued Mark up

		2013	2012
	Note	Rupees	Rupees
Long term financing	6	1,448,262	662,608
Short term borrowings	12	7,967,297	49,622,158
		<u>9,415,559</u>	<u>50,284,766</u>

Note 12

Short Term Borrowings

		2013	2012
	Note	Rupees	Rupees
Banking companies - Secured			
Running finance / packing credit / export finances	12.1	339,084,508	476,960,599
Related parties - Unsecured			
- Loan from directors	12.2	465,917	1,234,397
Others			
- Unpresented cheques	12.3	62,875,104	30,231,833
		<u>402,425,529</u>	<u>508,426,829</u>

12.1 Terms and conditions of borrowings

- Purpose

These facilities have been obtained with sanctioned limit of Rs. 878.5 million (2012: 875.5 million) for working capital requirements, procure stock of cotton, retirement of import bills, local and foreign LCs, discounting local bills / receivables and loan against trust receipts etc.

- Mark up

The mark up rate on various limits is 3-month Kibor plus 2% to 4% (2012: 3-month Kibor plus 2% to 3%) per annum, payable quarterly. Further, some limits carry commission against local LCs at 0.25% (2012: 0.25%) per quarter.

- Securities

These facilities are secured against pledge of raw material stocks, registered hypothecation charge over fabrics and yarn stocks, lien on export orders, imports documents, irrevocable L/Cs and export bills, charges over fixed and current assets of the Company and personal guarantees of sponsoring directors of the Company.

12.2 This represents interest free funds obtained from directors to meet working capital requirements of the Company.

12.3 This represents cheques issued but not presented on the balance sheet date. These cheques have been honoured subsequent to the balance sheet date.

Note 13

Current and Overdue Portion of Non Current Liabilities

	Note	2013 Rupees	2012 Rupees
Long term loans	6	15,100,000	68,876,250
Liabilities against assets subject to finance lease	7	4,745,333	8,075,873
		<u>19,845,333</u>	<u>76,952,123</u>

Note 14

Provision for Taxation

	2013 Rupees	2012 Rupees
Opening balance	23,766,252	52,123,986
Add: Charge for the current year	18,242,264	23,766,251
Add: Charge for the prior year	-	5,614,505
	<u>42,008,516</u>	<u>81,504,742</u>
Less: Payment / adjustments against advance tax	<u>(23,766,252)</u>	<u>(57,738,491)</u>
	<u>18,242,264</u>	<u>23,766,251</u>

Note 15

Contingencies and Commitments**Contingencies**

Income tax liability amounting to Rs. 33.071 (2012: Rs. 33.071 million) upto the assessment year 2002-2003 under Section 62 of the repealed Income Tax Ordinance, 1979 was determined by the Income Tax Department. Pending the outcome of appeals filed by the Company, no provision has been made in these financial statements as the management views that the outcome of the appeals shall be in the favour of the Company.

Commitments

Commitments as at balance sheet date are as under:

	2013 Rs. (million)	2012 Rs. (million)
Commitments for purchase of raw material and stores	6.127	2.448
Commitments for import of plant and machinery	-	0.840
Commitments for lease rentals	2.400	2.400

Note 16
Property, Plant and Equipment

	2013	2012
	Rupees	Rupees
Operating fixed assets	791,850,634	760,769,391
Capital work in progress	8,579,943	-
	<u>800,430,577</u>	<u>760,769,391</u>

16.1 Operating fixed assets

Description	2013							Total		
	Land	Freehold	Factory & Colony Building on Freehold Land	Factory & Colony Building on Leasehold Land	Plant & Machinery	Tools & Equipment	Office Equipment		Furniture and Fixtures	Vehicles
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
16.1.1 Owned assets										
Cost										
Balance as at July 01, 2012	7,536,673	181,163,215	-	1,184,953,604	7,259,488	16,958,013	5,964,586	19,330,798	1,423,166,377	
Additions	4,200,000	-	-	78,023,752	-	181,425	269,488	-	82,674,665	
Deletions	-	-	-	-	-	(40,000)	-	(21,876,073)	(21,916,073)	
Transfer	-	-	-	-	-	-	-	26,384,498	26,384,498	
Balance as at June 30, 2013	<u>11,736,673</u>	<u>181,163,215</u>	<u>-</u>	<u>1,262,977,356</u>	<u>7,259,488</u>	<u>17,099,438</u>	<u>6,234,074</u>	<u>23,839,223</u>	<u>1,510,309,467</u>	
Accumulated Depreciation										
Balance as at July 01, 2012	-	125,598,962	-	526,078,336	4,047,255	11,728,602	3,606,408	10,464,593	681,524,156	
Charge for the year	-	2,778,213	-	48,078,347	171,230	1,071,659	245,825	2,646,664	54,991,938	
Deletions	-	-	-	-	-	(21,511)	-	(6,769,757)	(6,791,268)	
Transfer	-	-	-	-	-	-	-	8,444,811	8,444,811	
Balance as at June 30, 2013	<u>-</u>	<u>128,377,175</u>	<u>-</u>	<u>574,156,683</u>	<u>4,218,485</u>	<u>12,778,750</u>	<u>3,852,233</u>	<u>14,786,311</u>	<u>738,169,637</u>	
Written Down Value as at June 30, 2013	11,736,673	52,786,040	-	688,820,673	3,041,003	4,320,688	2,381,841	9,052,912	772,139,830	
16.1.2 Leased assets										
Cost										
Balance as at July 01, 2012	-	-	-	-	-	-	-	34,833,408	34,833,408	
Addition	-	-	-	-	-	-	-	16,816,900	16,816,900	
Transfer	-	-	-	-	-	-	-	(26,384,498)	(26,384,498)	
Assets written off	-	-	-	-	-	-	-	(200,000)	(200,000)	
Balance as at June 30, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>25,065,810</u>	<u>25,065,810</u>	
Accumulated Depreciation										
Balance as at July 01, 2012	-	-	-	-	-	-	-	15,706,238	15,706,238	
Charge for the year	-	-	-	-	-	-	-	3,300,474	3,300,474	
Transfer	-	-	-	-	-	-	-	(13,651,706)	(13,651,706)	
Balance as at June 30, 2013	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>5,355,006</u>	<u>5,355,006</u>	
Written Down Value as at June 30, 2013	-	-	-	-	-	-	-	19,710,804	19,710,804	
Total Written Down Value June 30, 2013	11,736,673	52,786,040	-	688,820,673	3,041,003	4,320,688	2,381,841	28,763,716	791,850,634	
16.1.3 Depreciation rates	-	5%	5%	7%	10%	20%	10%	20%		

16.1.4 Dairy farm has been set up on land measuring 194.95 acres acquired on lease from the directors of the Company and the remaining lease term as at the balance sheet date was 7 years (2011:2 8 years).

16.2 Operating fixed assets

Description	2012							Total		
	Land	Freehold	Factory & Colony Building on Freehold Land	Factory & Colony Building on Leasehold Land	Plant & Machinery	Tools & Equipment	Office Equipment		Furniture and Fixtures	Vehicles
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
16.2.1 Owned assets										
Cost										
Balance as at July 01, 2011	7,536,673	181,163,215	29,781,250	1,190,470,909	25,921,624	15,730,225	6,083,386	25,029,518	1,481,716,800	
Additions	-	-	26,892,828	13,572,917	1,053,008	1,407,188	248,465	205,770	43,380,176	
Deletions	-	-	-	(17,996,011)	-	-	-	(5,904,490)	(23,900,501)	
Transfers	-	-	(56,674,078)	(1,094,211)	(19,715,144)	(179,400)	(367,265)	-	(78,030,098)	
Balance as at June 30, 2012	7,536,673	181,163,215	-	1,184,953,604	7,259,488	16,958,013	5,964,586	19,330,798	1,423,166,377	
Accumulated Depreciation										
Balance as at July 01, 2011	-	122,674,528	1,489,063	492,372,726	5,148,818	10,646,868	3,351,911	13,261,617	648,945,531	
Charge for the year	-	2,924,434	1,526,662	49,023,557	2,166,713	1,118,321	294,704	2,218,052	59,272,443	
Deletions	-	-	-	(15,232,338)	-	-	-	(5,015,076)	(20,247,414)	
Transfers	-	-	(3,015,725)	(85,609)	(3,268,276)	(36,587)	(40,207)	-	(6,446,404)	
Balance as at June 30, 2012	-	125,598,962	-	526,078,336	4,047,255	11,728,602	3,606,408	10,464,593	681,524,156	
Written Down Value as at June 30, 2012	7,536,673	55,564,253	-	658,875,268	3,212,233	5,229,411	2,358,178	8,866,205	741,642,221	
16.2.2 Leased assets										
Cost										
Balance as at July 01, 2011	-	-	-	-	-	-	-	33,849,032	33,849,032	
Additions	-	-	-	-	-	-	-	984,376	984,376	
Transfers	-	-	-	-	-	-	-	-	-	
Balance as at June 30, 2012	-	-	-	-	-	-	-	34,833,408	34,833,408	
Accumulated Depreciation										
Balance as at July 01, 2011	-	-	-	-	-	-	-	-	-	
Charge for the year	-	-	-	-	-	-	-	10,813,397	10,813,397	
Transfers	-	-	-	-	-	-	-	4,892,841	4,892,841	
Balance as at June 30, 2012	-	-	-	-	-	-	-	15,706,238	15,706,238	
Written Down Value as at June 30, 2012	-	-	-	-	-	-	-	19,127,170	19,127,170	
Total Written Down Value as at June 30, 2012	7,536,673	55,564,253	-	658,875,268	3,212,233	5,229,411	2,358,178	27,993,375	760,769,391	
16.2.3 Depreciation rates	-	5%	5%	7%	10%	20%	10%	20%		

Note 16 - Property, Plant and Equipment ... Contd.

16.3 Allocation of depreciation charge

Depreciation charge for the year has been apportioned as follows:

	Note	2013 Rupees	2012 Rupees
Cost of sales	28	51,027,790	55,705,574
Administrative expenses	30	7,264,622	8,459,710
		<u>58,292,412</u>	<u>64,165,284</u>

16.3.1 Disposal of Property, plant and equipment

Detail of property, plant and equipment disposed off during the year is as follows:

2013							
Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain / (Loss) on Disposal	Buyer Name	Mode of Disposal
	Rupees	Rupees	Rupees	Rupees	Rupees		
Office Equipment							
Photo Copier	40000	21511	18489	10000	(8,489)	C Tech Int-	Negotiation
Sub total	<u>40,000</u>	<u>21,511</u>	<u>18,489</u>	<u>10,000</u>	<u>(8,489)</u>		
Vehicles							
Mercedes Benz	11,175,628	5,206,895	5,968,733	8,000,000	2,031,267	Askari Bank Ltd	Sale & Lease Back
Toyota Corolla	1,322,380	1,176,544	145,836	870,000	724,164	Atiq Ur Rehman	Negotiation
Honda Civic	1,704,780	919,217	785,563	1,160,000	374,437	Muhammad Usman	Negotiation
Honda Civic	1,792,940	994,293	798,647	1,270,000	471,353	Muhammad Zaheer	Negotiation
Honda Civic	1,664,366	881,449	782,917	1,600,000	817,083	Muhammad Akhtar	Negotiation
Honda Citi	917,835	666,453	251,382	875,000	623,618	Mehraj Khalid	Negotiation
Honda Citi	1,335,875	805,230	530,645	1,180,000	649,355	Mesham Ali Shahid	Negotiation
Suzuki Cultus	665,600	580,684	84,916	360,000	275,084	Muhammad Ramzan	Negotiation
Suzuki Cultus	827,785	423,090	404,695	610,266	205,571	EFU Insurance	Insurance Claim
Suzuki Mehran	321,450	239,162	82,288	85,000	2,712	Nasira Tahir	Negotiation
Honda CG 125	84,534	48,179	36,355	20,000	(16,355)	Muhammad Yaseen	Negotiation
Honda CD 70	62,900	35,453	27,447	52,836	25,389	Arshad Hussain	Negotiation
	<u>21,876,073</u>	<u>11,976,649</u>	<u>9,899,424</u>	<u>16,083,102</u>	<u>6,183,678</u>		
Total 2013	<u>21,916,073</u>	<u>11,998,160</u>	<u>9,917,913</u>	<u>16,093,102</u>	<u>6,175,189</u>		

2012							
Particulars	Cost	Accumulated Depreciation	Written Down Value	Sale Proceed	Gain / (Loss) on Disposal	Buyer Name	Mode of Disposal
Plant and Machinery							
Manual Code							
Winding Machine	1,044,000	885,488	158,512	754,310	595,798	Ahsan Elahi	Negotiation
Ring Frames	16,952,011	14,346,850	2,605,161	1,600,000	(1,005,161)	Pakistan Textile	Negotiation
Sub Total	<u>17,996,011</u>	<u>15,232,338</u>	<u>2,763,673</u>	<u>2,354,310</u>	<u>(409,363)</u>		
Vehicles							
Land Cruiser	5,800,000	4,955,652	844,348	2,000,000	1,155,652	Khawaja Muhammad Kaleem - Director	
Honda CD 70	50,490	29,939	20,551	42,412	21,861	Sabir Hussain	Negotiation
Honda CD 70	54,000	29,485	24,515	45,360	20,845	Maqsood Ali	Negotiation
Sub Total	<u>5,904,490</u>	<u>5,015,076</u>	<u>889,414</u>	<u>2,087,772</u>	<u>1,198,358</u>		
Total 2012	<u>23,900,501</u>	<u>20,247,414</u>	<u>3,653,087</u>	<u>4,442,082</u>	<u>788,995</u>		

16.4 Capital Work in Progress

	2013 Rupees	2012 Rupees
Opening balance	-	13,834,917
Additions during the year	8,579,943	21,401,730
	8,579,943	35,236,647
Transferred to property, plant and equipment	-	(35,236,647)
	<u>8,579,943</u>	<u>-</u>

Note 17

Intangible Assets

		2013	2012
		Rupees	Rupees
Net carrying value			
Opening balance of net book value		1,358,724	1,698,405
Amortization	28	(249,099)	(339,681)
Net book value as at June 30		<u>1,109,625</u>	<u>1,358,724</u>
Gross carrying value			
Cost		3,630,520	3,630,520
Accumulated amortization		(2,520,895)	(2,271,796)
Net book value		<u>1,109,625</u>	<u>1,358,724</u>
Amortization rate per annum		<u>20%</u>	<u>20%</u>

17.1 Amortization charge for the year has been allocated to cost of sales.

17.2 Intangible assets as at June 30, 2013 includes ERP system and other software implemented and used by the Company.

Note 18

Long Term Loans

		2013	2012
	Note	Rupees	Rupees
Loans to employees - (Secured - considered good)			
- Due from executives	18.1	8,739,946	8,227,602
- Due from other employees		9,031,181	8,583,484
		17,771,127	16,811,086
Less: Current portion			
- Due from executives		(322,104)	(2,168,012)
- Due from other employees		(483,828)	(356,538)
		(805,932)	(2,524,550)
		<u>16,965,195</u>	<u>14,286,536</u>

18.1 Reconciliation of carrying amount of loan to executives:

	2013	2012
	Rupees	Rupees
Opening balance	8,227,602	11,508,221
Disbursement during the year	3,061,220	5,685,545
	11,288,822	17,193,766
Recoveries during the year	(2,548,876)	(8,966,164)
Closing Balance	<u>8,739,946</u>	<u>8,227,602</u>

18.2 This represents interest free loans given to executives and other employees for construction of houses and other purposes as per the Company's policy. These loans shall be recovered in monthly installments from salary and are secured against gratuity balances.

18.3 The maximum aggregate amount of loans due from executives at the end of any month during the year was Rs. 8.788 million (2012: Rs. 11.51 million)

18.4 Long term loans have been carried at cost as the effect of carrying these balances at amortised cost would not be material.

Note 19

Long Term Deposits

	Note	2013 Rupees	2012 Rupees
Security deposits against:			
- Utilities		2,738,503	2,731,503
- Finance lease		6,788,550	6,218,780
- Adjustable within next 12 months	24	(2,228,600)	(1,861,700)
		4,559,950	4,357,080
		<u>7,298,453</u>	<u>7,088,583</u>

Note 20

Stores and Spares

	2013 Rupees	2012 Rupees
Stores	29,828,074	21,231,986
Spares	26,633,314	19,474,564
	<u>56,461,388</u>	<u>40,706,550</u>

20.1 No identifiable stores and spares were held for specific capitalization.

Note 21

Stock in Trade

	2013 Rupees	2012 Rupees
Raw and packing materials	40,139,092	42,796,684
Work in process	93,291,721	63,758,796
Finished goods	267,038,095	231,133,487
	<u>400,468,908</u>	<u>337,688,967</u>

21.1 This includes stocks amounting to Rs. 156.20 million (2012:Rs. 168.18 million) approximately, which are pledged against short term borrowings (refer note 12).

Note 22

Trade Debts

	2013 Rupees	2012 Rupees
Local debts (Unsecured - considered good)	63,593,388	9,627,052
Foreign debts (Secured - considered good)	27,406,497	51,531,838
	<u>90,999,885</u>	<u>61,158,890</u>

Note 23

Loans and Advances

	Note	2013 Rupees	2012 Rupees
Current portion of loan to employees:	18		
- Due from executives		322,104	2,168,012
- Due from other employees		483,828	356,538
		805,932	2,524,550
Advances - Considered good:			
- Suppliers and contractors		48,552,850	45,706,011
- Employees		2,728,933	2,810,748
- Letters of credit		4,586,286	21,043
Income tax deducted at source and advance tax		49,758,861	60,262,646
		<u>106,432,862</u>	<u>111,324,998</u>

Note 24

Trade Deposits, Short Term Prepayments and Other Receivables

		2013	2012
	Note	Rupees	Rupees
Margin against letter of credit		19,368,931	19,046,919
Margin against guarantee		4,837,990	4,837,990
Security deposits		286,992	236,992
Deposit against finance lease	19	2,228,600	1,861,700
Prepayments		1,425,594	908,755
Other receivables - considered good:			
- Export rebate		3,053,115	1,939,147
- Others		743,041	124,057
		<u>31,944,263</u>	<u>28,955,560</u>

Note 25

Assets Held for Disposal

		2013	2012
		Rupees	Rupees
Assets held for disposal:			
Non current assets		79,596,021	71,583,694
Biological assets		112,576,723	92,090,479
		<u>192,172,744</u>	<u>163,674,173</u>

The company has decided to dispose off the assets of its dairy segment and shareholders approval in this regard has been obtained through special resolution passed in the extra ordinary general meeting held on April 20, 2012. Necessary steps in this context are in process including negotiations with interested parties. The management foresees that the transaction shall conclude within a time frame of one year and is actively persuing the matter.

The fair value of the assets of dairy segment to be disposed off has been estimated at Rs. 196 million (2012: 165 million) as on June 30, 2013.

25.1 Analysis of discontinued operations

Revenue	72,391,216	57,175,972
Cost of sales	(84,646,945)	(63,380,673)
Distribution cost	(3,000)	(601,147)
Administration expenses	(1,132,444)	(1,291,265)
Other operating expenses	(7,857,301)	(8,564,155)
Other operating income	28,090,909	-
Finance cost	(357,923)	(365,218)
	<u>(65,906,704)</u>	<u>(74,202,458)</u>
Profit / (loss) before tax from discontinued operations	6,484,512	(17,026,486)
Taxation	(361,956)	(571,760)
Profit / (loss) after taxation	<u>6,122,556</u>	<u>(17,598,246)</u>

25.2 Analysis of the cash flows of discontinued operations

Operating cash flows	18,382,559	11,619,703
Investing cash flows	(20,292,625)	(36,138,004)
Financing cash flows	2,801,377	23,667,014
Total cash flows	<u>891,311</u>	<u>(851,287)</u>

Note 26

Cash and Bank Balance

		2013	2012
		Rupees	Rupees
Imprest with staff		378,027	421,963
Cash in hand		2,490,437	1,570,720
Cash at bank - in current accounts		30,616,402	3,506,261
		<u>33,484,866</u>	<u>5,498,944</u>

Note 27

Sales

	2013	2012
	Rupees	Rupees
Exports		
- Grey cloth	606,763,870	1,194,222,828
- Processed cloth	153,975,563	38,236,526
- Export rebate	1,136,077	596,273
	761,875,510	1,233,055,627
Local		
- Grey cloth	1,539,439,033	425,052,235
- Processed cloth	10,531,233	12,883,924
- Yarn	327,498,642	626,321,259
- Milk	72,391,216	57,175,192
	1,949,860,124	1,121,432,610
Waste sales	6,415,663	9,391,415
Processing income	158,047,007	31,334,944
	2,876,198,304	2,395,214,596
Sales tax	(12,401,109)	(1,215,674)
Commission	(24,007,920)	(17,373,781)
	<u>2,839,789,275</u>	<u>2,376,625,141</u>

Note 28

Cost of Sales

	2013	2012
	Rupees	Rupees
	Note	
Raw materials consumed	28.1	2,020,551,819
Salaries, wages and other benefits	28.2	178,099,712
Dyeing and processing charges		30,257,363
Fuel and power		244,780,762
Stores, spares and chemicals consumed		89,155,201
Packing material		20,252,282
Insurance		2,309,388
Repairs and maintenance		5,657,598
Miscellaneous		16,836,154
Amortization	17	249,099
Depreciation	16.3	51,027,790
		2,659,177,168
Work in process:		
- Opening work in process		63,758,796
- Closing work in process		(93,291,721)
		(29,532,925)
Cost of goods manufactured		2,629,644,243
Finished goods:		
- Opening finished goods		231,133,487
- Cloth purchased		4,829,949
		235,963,436
- Closing finished goods		(267,038,095)
		(31,074,659)
		<u>2,598,569,584</u>
		<u>2,214,995,538</u>

Note 28 - Cost of Sales... Contd.

	2013	2012
	Rupees	Rupees
28.1 Raw materials consumed:		
- Opening stock	42,796,687	31,688,917
- Purchases	2,024,936,818	1,663,678,347
- Purchase expenses	6,621,929	43,658,328
	<u>2,074,355,434</u>	<u>1,739,025,592</u>
- Cost of raw materials sold	<u>(13,664,523)</u>	<u>(6,005,574)</u>
	2,060,690,911	1,733,020,018
- Closing stock	<u>(40,139,092)</u>	<u>(42,796,684)</u>
	<u><u>2,020,551,819</u></u>	<u><u>1,690,223,334</u></u>

28.2 This includes Rs. 6.554 million (2012: Rs. 8.542 million), approximately, in respect of employee benefits - gratuity scheme.

Note 29

Distribution Cost

	2013	2012
	Rupees	Rupees
Salaries, wages and other benefits	8,948,885	6,921,539
Freight, octroi and other charges	28,985,748	57,043,902
Commission, claims and promotion	2,084,584	3,800,913
Travelling and conveyance	5,736,554	3,738,225
Printing and stationery	89,684	27,304
Communication	726,449	694,953
Testing, sampling and others	47,670	366,418
	<u>46,619,574</u>	<u>72,593,254</u>

Note 30

Administrative Expenses

		2013	2012
	Note	Rupees	Rupees
Salaries, wages and other benefits	30.1	41,874,764	35,875,226
Traveling and conveyance		305,293	239,266
Rent, rates and taxes		1,623,504	1,469,042
Printing and stationery		900,394	653,380
Communications		1,579,660	2,077,729
Entertainment		330,231	546,880
Electricity and gas		4,408,958	3,416,360
Vehicles' running and maintenance		4,370,112	3,672,350
Legal and professional charges		1,287,546	1,830,391
Fees and subscriptions		464,636	699,399
Repairs and maintenance		1,960,540	1,647,399
Insurance		1,806,898	2,703,588
Donations	30.2	195,600	100,500
Advertisement		174,620	143,859
Miscellaneous		2,106,127	2,059,379
Depreciation	16.3	<u>7,264,622</u>	<u>8,459,710</u>
		<u><u>70,653,505</u></u>	<u><u>65,594,458</u></u>

30.1 This includes Rs. 5.225 million (2012: Rs. 5.241 million), approximately, in respect of employee benefits - gratuity scheme.

30.2 None of the directors and their spouses had any interest in any of the donees.

Note 31

Other Operating Charges

	Note	2013 Rupees	2012 Rupees
Auditors' remuneration	31.1	1,000,000	850,000
Loss on sale of property, plant and equipment		24,844	-
Workers' (profit) participation fund		2,664,651	-
Exchange loss		6,844,356	12,966,426
Loss on death/sale of biological assets		7,857,301	4,790,018
		<u>18,391,152</u>	<u>18,606,444</u>

31.1 Auditors' remuneration

Audit fee	750,000	600,000
Certification and reviews	250,000	250,000
	<u>1,000,000</u>	<u>850,000</u>

Note 32

Finance Cost

	2013 Rupees	2012 Rupees
Mark up on:		
- Long term financing	2,890,403	5,283,013
- Short term borrowings	54,728,369	84,544,774
- Finance lease	1,088,520	2,066,275
Workers' (profit) participation fund	971,189	727,830
Bank charges and commissions	22,057,441	24,523,593
	<u>81,735,922</u>	<u>117,145,485</u>

Note 33

Other Operating Income

	2013 Rupees	2012 Rupees
Income from financial assets		
Profit on saving account	82	4,127
Income from non-financial assets		
Gain on disposal of property, plant and equipment	6,200,033	788,995
Gain on sale of store and spares and raw material - net	179,650	439,364
Gain on sale of biological assets	3,561,759	-
Gain on fair market valuation of biological assets	24,529,150	-
	<u>34,470,592</u>	<u>1,228,359</u>
	<u>34,470,674</u>	<u>1,232,486</u>

Note 34

Taxation

	Note	2013 Rupees	2012 Rupees
For the year			
- Current		18,242,264	23,766,251
- Deferred	8.2	4,242,151	(6,010,567)
		<u>22,484,415</u>	<u>17,755,684</u>
Surcharge on tax		-	2,453
Prior year		1,721,286	5,614,505
		<u>24,205,701</u>	<u>23,372,642</u>

Note 35

Earnings / (Loss) per Share

	2013	2012
	Rupees	Rupees
	Number of shares	
Weighted average number of ordinary shares outstanding during the year	40,000,000	40,000,000
Continuing operations:		
Profit / (loss) after taxation	27,961,955	(116,851,948)
Earnings / (loss) per share - basic (Rupees per share)	0.70	(2.92)
Discontinuing operations:		
Profit / (loss) after taxation	6,122,556	(17,598,246)
Earnings / (loss) per share - basic (Rupees per share)	0.15	(0.44)
Profit / (loss) after taxation	34,084,511	(134,450,194)
Earnings / (loss) per share - basic (Rupees per share)	0.85	(3.36)

35.1 Diluted earnings / (loss) per share

There is no dilution effect on the basic earnings / (loss) per share of the Company as the Company has no such commitments that would result in dilution of earnings of the Company.

Note 36

Cash Generated from Operations

	2013	2012
	Rupees	Rupees
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit / (Loss) before taxation	58,290,212	(111,077,552)
Adjustments for:		
- Depreciation	58,292,412	64,165,284
- Amortization of intangible asset	249,099	339,681
- Provision for gratuity	11,779,493	13,783,721
- Gain arising from change in fair value less estimated point of of sale costs attributed to physical / price changes	(24,529,150)	-
- Gain on disposal of property, plant and equipment	(6,175,189)	(788,995)
- Loss on disposal of biological assets	7,857,301	4,790,018
- Gain on sale of stores and raw material - net	(179,650)	(439,364)
- Finance cost	81,735,922	117,145,485
- Profit on bank deposit	(82)	(4,127)
- Assets written off	200,000	-
	<u>129,230,156</u>	<u>198,991,703</u>
Operating profit before working capital changes	187,520,368	87,914,151
(Increase) / decrease in current assets		
- Stores and spares	(16,699,378)	(4,653,752)
- Stock in trade	(75,499,924)	(78,598,478)
- Trade debts	(29,840,995)	187,912,387
- Loans and advances	(7,330,267)	3,072,462
- Trade deposits, short term prepayments and other receivables	(2,621,803)	44,903,073
- Sales tax refundable	(12,019,660)	3,318,571
(Decrease) / increase in current liabilities		
- Trade and other payables	232,974,890	(56,029,106)
	<u>88,962,863</u>	<u>99,925,157</u>
Cash generated from operations	<u>276,483,231</u>	<u>187,839,308</u>

Note 37

Remuneration of Chief Executive, Directors and Executives

The aggregate amounts charged in the accounts for the year as remuneration and benefits to the chief executive and directors of the Company are as follows:

	2013			2012		
	Chief Executive	Directors	Executives	Chief Executive	Directors	Executives
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Managerial remuneration	5,000,000	5,000,000	8,757,613	4,000,000	4,000,000	8,568,733
House rent allowance	2,000,000	2,000,000	3,501,994	1,600,000	1,600,000	3,427,493
Utilities	500,000	500,000	876,155	400,000	400,000	856,873
Car allowance and others	449,502	1,257,990	1,450,102	370,023	326,910	2,427,490
	<u>7,949,502</u>	<u>8,757,990</u>	<u>14,585,864</u>	<u>6,370,023</u>	<u>6,326,910</u>	<u>15,280,589</u>
Number of persons	1	1	6	1	1	11

37.1 No meeting fee has been paid to any director of the Company.

37.2 Chief executive, directors and executives are provided with free use of Company maintained vehicles.

37.3 Executives are defined as employees with basic salary exceeding Rs. 500,000.

Note 38

Transaction with Related Parties

Related parties and associated undertaking comprise related group companies, associated companies, staff retirement funds, directors and key management personnel. Transactions with related parties and associated companies, other than remuneration and benefits to key management personnel under the terms of their employment, are as follows:

	2013	2012
	Rs. (million)	Rs. (million)
Associates and related parties		
Purchase of material, goods and utilities		
- Chakwal Textile Mills Limited	22.583	32.850
- Chakwal Spinning Mills Limited	19.018	1.369
- Kohinoor Spinning Mills Limited	39.670	0.615
Sale of material, goods and services		
- Chakwal Textile Mills Limited	0.325	6.445
- Chakwal Spinning Mills Limited	74.395	0.011
- Kohinoor Spinning Mills Limited	2.922	-
Long term loan received from directors - net	207.517	38.000
Short term funds (repaid) / availed from directors - net	(0.768)	0.873
Rent of building paid - Director	2.400	2.400

There were no transactions with key management personnel other than undertaken as per terms of their employment as disclosed in Note 37.

Sale and purchase transactions have been carried out on commercial terms and conditions as per Company's policy.

Note 39

Segment Reporting

For management purposes, the activities of the Company are organized into three operating segment i.e., weaving, spinning and dairy. The Company operates in the said reportable operating segments based on the nature of products, risks and returns, organizational and management structure and internal financial reporting systems. Accordingly, the figures reported in these financial statements related to the Company's reportable segment.

Information regarding the Company's reportable segment is presented below:

39.1 Segment revenues and results

	Weaving Segment	Spinning Segment	Dairy Segment	Total
	Rupees	Rupees	Rupees	Rupees
For the year ended June 30, 2013				
Sales - net	2,299,278,869	468,119,190	72,391,216	2,839,789,275
Cost of sales	(2,061,252,986)	(452,669,653)	(84,646,945)	(2,598,569,584)
Gross Profit	238,025,883	15,449,537	(12,255,729)	241,219,691
Distribution cost	(46,267,156)	(349,418)	(3,000)	(46,619,574)
Administrative expenses	(49,400,356)	(20,120,705)	(1,132,444)	(70,653,505)
	(95,667,512)	(20,470,123)	(1,135,444)	(117,273,079)
Operating Profit	142,358,371	(5,020,586)	(13,391,173)	123,946,612
Other operating charges	(10,525,362)	(8,489)	(7,857,301)	(18,391,152)
Finance cost	(77,152,870)	(4,225,129)	(357,923)	(81,735,922)
Other operating income	5,493,165	886,600	28,090,909	34,470,674
Profit / (loss) before Taxation	60,173,304	(8,367,604)	6,484,512	58,290,212
Taxation				(24,205,701)
Profit after taxation				34,084,511
For the year ended June 30, 2012				
Sales - net	1,685,047,212	634,401,957	57,175,972	2,376,625,141
Cost of sales	(1,468,515,380)	(683,099,486)	(63,380,672)	(2,214,995,538)
Gross Profit	216,531,832	(48,697,529)	(6,204,700)	161,629,603
Distribution cost	(67,951,585)	(4,040,522)	(601,147)	(72,593,254)
Administrative expenses	(44,534,750)	(19,768,443)	(1,291,265)	(65,594,458)
	(112,486,335)	(23,808,965)	(1,892,412)	(138,187,712)
Operating Profit	104,045,497	(72,506,494)	(8,097,112)	23,441,891
Other operating charges	(10,042,289)	-	(8,564,155)	(18,606,444)
Finance cost	(111,106,544)	(5,673,723)	(365,218)	(117,145,485)
Other operating income	1,181,640	50,846	-	1,232,486
Loss before Taxation	(15,921,696)	(78,129,371)	(17,026,485)	(111,077,552)
Taxation				(23,372,642)
Loss after taxation				(134,450,194)

Note 39 - Segment Reporting ... Contd.

39.1.1 Revenue reported above represents revenue generated from external customers. There were no inter-segment sales during the year (2012 : Nil)

39.1.2 The accounting policies of the reportable segments are the same as the Company's accounting policies described in note 3 to the financial statements.

39.2 Entity-wide disclosures regarding single reportable segment are as follows:

- Information about products

One product of the weaving segment comprises 4.54% (2012: 4.30%) of total sales for the year.

One product of the spinning segment comprises 37.96% (2012: 33.62%) of total sales for the year.

- Information about major customers

One customer of the weaving segment accounts for 37.32% (2012: 33.26%) of total sales for the year.

One customer of the spinning segment accounts for 70.55% (2012: 57.20) of total sales for the year.

One customer of the dairy segment accounts for 68.46% (2012: 32.93%) of total sales for the year.

- Information about geographical area

	2013	2012
	Rupees	Rupees
Local sale	2,114,322,794	1,162,158,969
Export sale	761,875,510	1,233,055,627
	<u>2,876,198,304</u>	<u>2,395,214,596</u>

- All non-current assets of the Company are located in Pakistan as at reporting date.

39.3 Segment assets and liabilities

Reportable segments' assets and liabilities are reconciled to total assets and liabilities as follows:

	Weaving Segment	Spinning Segment	Dairy Segment	Total
	Rupees	Rupees	Rupees	Rupees
As at June 30, 2013				
Segment assets for reportable segments	1,429,106,121	184,333,583	74,570,201	1,688,009,905
Unallocated corporate assets				75,387,862
Total assets as per balance sheet				<u>1,763,397,767</u>
Segment liabilities for reportable segments	1,463,344,553	50,160,633	91,385,826	1,604,891,012
Unallocated corporate liabilities				18,242,264
Total liabilities as per balance sheet				<u>1,623,133,276</u>
As at June 30, 2012				
Segment assets for reportable segments	1,235,221,007	141,404,882	95,622,781	1,472,248,670
Unallocated corporate assets				73,871,987
Total assets as per balance sheet				<u>1,546,120,657</u>
Segment liabilities for reportable segments	1,157,680,575	157,375,814	101,118,037	1,416,174,426
Unallocated corporate liabilities				23,766,251
Total liabilities as per balance sheet				<u>1,439,940,677</u>

Note 39 - Segment Reporting ... Contd.

For the purposes of monitoring segment performance and allocating resources between segments

- all assets are allocated to reportable segments other than those directly relating to corporate and tax assets; and
- all liabilities are allocated to reportable segments other than current and deferred tax liabilities.

39.4 Other Segment Information

	Weaving Segment	Spinning Segment	Dairy Segment	Total
	Rupees	Rupees	Rupees	Rupees
For the year ended 30 June 2013				
Capital expenditure	87,306,565	12,185,000	8,012,327	107,503,892
Depreciation and amortization	49,141,750	9,150,662	-	58,292,412
Non-cash items other than depreciation and amortization - net	3,128,285	2,496,287	(16,671,849)	(11,047,277)
For the year ended 30 June 2012				
Capital expenditure	4,576,558	11,109,400	28,678,594	44,364,552
Depreciation and amortization	51,476,066	9,048,490	3,640,728	64,165,284
Non-cash items other than depreciation and amortization - net	8,664,177	3,756,058	4,904,482	17,324,717

Note 40

Financial Risk Management**40.1 Financial risk factors**

The Company's activities expose it to a variety of following financial risks:

- (a) Market risk (including currency risk, other price risk and interest rate risk)
- (b) Credit risk
- (c) Liquidity risk

The Company's overall risk management policies focus on the unpredictability of financial markets and seek to minimize potential adverse effects on the financial performance. Risk management is carried out by the Board of Directors (the Board). The Board provides principles for overall risk management as well as policies covering specific areas such as currency risk, other price risk, interest rate risk, credit risk and liquidity risk.

(a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in foreign currency, interest rate, commodity price and equity price that will affect the Company's income or the value of its holdings of financial instruments.

(i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Currency risk arises mainly from future commercial transactions or receivables and payables that exist due to transactions in foreign currencies.

The Company is exposed to currency risk arising from various currency exposures, primarily with respect to foreign receivables. Currently, the Company's foreign exchange risk exposure is restricted to the amounts receivable from / payable to foreign entities. The Company's exposure to currency risk was as follows:

	2013		
	Rs.	USD	EURO
Trade debts	27,406,497	284,152	221,324
Gross balance sheet exposure	27,406,497	284,152	221,324
Outstanding letters of credit	(6,126,750)	(63,523)	(49,477)
Net exposure	21,279,747	220,630	171,846

	2012		
	Rs.	USD	EURO
Trade debts	51,531,838	572,099	423,399
Gross balance sheet exposure	51,531,838	572,099	423,399
Outstanding letters of credit	(3,288,457)	(36,508)	(27,019)
Net exposure	48,243,381	535,592	396,380

The following exchange rates were applied during the year:

	2013	
	Rs. / \$	Rs. / Euro
Rupees per foreign currency rate		
Average rate	96.45	123.83
Reporting date rate	98.60	128.85

	2012	
	Rs. / \$	Rs. / Euro
Rupees per foreign currency rate		
Average rate	90.08	121.71
Reporting date rate	94.30	118.81

Sensitivity analysis

If the functional currency, at reporting date, had weakened / strengthened by 5% against the foreign currencies with all other variables held constant, the impact on profit before taxation for the year would have been Rs. 1.0639 million (2012: Rs. 2.412 million) respectively higher / lower, mainly as a result of exchange gains / losses on translation of foreign exchange denominated financial instruments. In management's opinion, the sensitivity analysis is unrepresentative of inherent currency risk as the year end exposure does not reflect the exposure during the year.

(ii) Other price risk

Other price risk represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instrument traded in the market. The Company is not exposed to equity and commodity price risk.

(iii) Interest rate risk

This represents the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Company has no significant long-term interest-bearing assets. The Company's interest rate risk arises from long term financing and short term borrowings. As the borrowings are obtained at variable rates, these expose the Company to cash flow interest rate risk.

Note 40 - Financial Risk Management ... Contd.

At the balance sheet date the interest rate profile of the Company's interest bearing financial instruments was as follows:

	2013 Rupees	2012 Rupees
Floating rate instruments		
Financial liabilities		
Long term financing	56,725,000	140,976,250
Liabilities against assets subject to finance lease	17,947,640	13,614,618
Short term borrowings	402,425,529	508,426,829
Financial assets		
Bank balances - saving accounts	-	-

Cash flow sensitivity analysis for variable rate instruments

If interest rates at the balance sheet date, fluctuate by 1% higher / lower with all other variables held constant, (loss) / profit before taxation for the year would have been Rs. 4.565 million (2012: Rs. 6.630 million) lower / higher, mainly as a result of higher / lower interest expense on floating rate borrowings. This analysis is prepared assuming the amounts of liabilities outstanding at balance sheet dates were outstanding for the whole year.

(b) Credit risk

Credit risk represents the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Carrying amounts of financial assets represent the maximum credit exposure. The maximum exposure to credit risk at the reporting date was as follows:

	2013 Rupees	2012 Rupees
Long term loans	16,965,195	14,286,536
Long term deposits	2,738,503	2,731,503
Trade debts	90,999,885	61,158,890
Loan and advances	805,932	2,524,550
Trade deposits, short term prepayments and other receivables	10,346,732	8,046,941
Bank balances	30,616,402	3,506,261

The aging of trade debts at balance sheet date is as follows:

	2013 Rupees	2012 Rupees
Current	20,347,351	28,714,496
1 - 30 days	37,973,769	14,357,248
31 - 60 days	14,907,836	13,338,589
61 - 120 days	13,827,442	1,395,945
120 days and above	3,943,487	3,352,611
	<u>90,999,885</u>	<u>61,158,889</u>

The credit risk on liquid funds is limited because the counter parties are banks with reasonably high credit ratings. The Company believes that it is not exposed to major concentration of credit risk as its exposure is spread over a large number of counter parties and trade debts are subject to specific credit ceilings.

The credit quality of bank balances that are neither past due nor impaired can be assessed by reference to external credit ratings (if available) or to historical information about counter party default rate:

	Agency	Rating	
		Short Term	Long Term
Allied Bank Limited	PACRA	A1+	AA+
Askari Commercial Bank Limited	PACRA	A1+	AA
Bank Alfalah Limited	PACRA	A1+	AA
Faysal Bank Limited	PACRA	A1+	AA
	JCR - VIS	A-1+	AA
Habib Metropolitan Bank Limited	PACRA	A1+	AA+
KASB Bank Limited	PACRA	A3	BBB
MCB Bank Limited	PACRA	A1+	AA+
NIB Bank Limited	PACRA	A1+	AA-
Silk Bank Limited	JCR - VIS	A - 2	A - 1
United Bank Limited	JCR - VIS	A-1+	AA+
Summit Bank	JCR - VIS	A - 2	A -
Dubai Islamic Bank	JCR - VIS	A - 1	A
The Bank of Punjab	PACRA	A1+	AA-
Bank Al Habib Limited	PACRA	A1+	AA+
Barclays Bank PLC	Standard & Poor's	A-1	A+
	Moody's	P-1	A2
	Fitch	F1	A

Due to company's long standing business relationship with these counterparties and after giving due consideration to their strong financial standing, management does not expect non-performance by these counter parties on their obligation to the company. Accordingly, the credit risk is minimal.

Note 40 - Financial Risk Management ... Contd.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. As at the balance sheet date, the Company had Rs. 1187.7 million (2012: Rs. 878.5 million) worth short term borrowing limits available from financial institutions and Rs. 32.252 million (2012: Rs. 5.499 million) cash and bank balances. Following are the contractual maturities of financial liabilities, including interest payments.

Contractual maturities of financial liabilities as at June 30, 2013:

Description	Carrying Amount	On Demand	Contractual cash flows	Within 1 Year	1-2 Years	2-5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term finances	56,725,000	-	56,725,000	15,100,000	11,100,000	30,525,000
Liabilities against leased assets	17,947,640	-	14,263,591	4,084,407	3,917,348	6,261,836
Trade and other payables	549,650,023	-	549,650,023	549,650,023	-	-
Accrued mark up	9,415,559	-	9,415,559	9,415,559	-	-
Short term borrowings	402,425,529	402,425,529	-	-	-	-
	<u>1,036,163,751</u>	<u>402,425,529</u>	<u>630,054,173</u>	<u>578,249,989</u>	<u>15,017,348</u>	<u>36,786,836</u>

Contractual maturities of financial liabilities as at June 30, 2012:

Description	Carrying Amount	On Demand	Contractual cash flows	Within 1 Year	1-2 Years	2-5 Years
	Rupees	Rupees	Rupees	Rupees	Rupees	Rupees
Long term finances	140,976,250	-	140,976,250	68,876,250	72,100,000	-
Liabilities against leased assets	13,614,618	-	8,199,700	7,237,308	821,422	140,970
Trade and other payables	316,778,710	-	316,778,710	316,778,710	-	-
Accrued mark up	50,284,766	-	50,284,766	50,284,766	-	-
Short term borrowings	508,426,829	508,426,829	-	-	-	-
	<u>1,030,081,173</u>	<u>508,426,829</u>	<u>516,239,426</u>	<u>443,177,034</u>	<u>72,921,422</u>	<u>140,970</u>

The contractual cash flows relating to the above financial liabilities have been determined on the basis of interest rates / mark up rates effective as at 30 June. The rates of interest / mark up have been disclosed in Note 6 and Note 12 to these financial statements.

40.2 Fair values of financial assets and liabilities

The carrying values of all financial assets and liabilities reflected in financial statements approximate their fair values. Fair value is determined on the basis of objective evidence at each reporting date.

Note 41

Capital Risk Management

While managing capital, the objectives of the Company are to ensure that it continues to meet the going concern assumption, enhance shareholders' wealth and meets stakeholders' expectations. The Company ensures its sustainable growth viz. maintaining optimal capital structure, keeping its finance cost low, exercising the option of issuing right shares or repurchase shares, if possible, selling surplus property, plant and equipment without affecting the optimal operating level, and regulate its dividend payout thus maintaining smooth capital management.

In line with others in the industry, the Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as total borrowings (including current and non current) less cash and cash equivalents. Total capital is calculated as equity as shown in the balance sheet plus net debt.

As on the balance sheet date, the gearing ratio of the Company was as under:

	2013	2012
	Rupees	Rupees
Total borrowings	463,895,862	657,478,952
Cash and bank balances	(33,484,866)	(5,498,944)
Net Debt	<u>430,410,996</u>	<u>651,980,008</u>
Equity	<u>140,264,491</u>	<u>106,179,980</u>
Total Capital Employed	<u>570,675,487</u>	<u>758,159,988</u>
Gearing Ratio	<u>75.42%</u>	<u>86.00%</u>

Note 42

Plant Capacity and Production

	2013	2012
Number of looms installed	153	153
Installed capacity converted into 50 picks based on 364 days (Sq. Meters approximately)	73,673,861	73,673,861
Actual production converted into 50 picks - (Sq. Meters)	48,218,292	38,376,697
Number of spindles installed	15,936	15,936
Installed capacity in 20's count (Kgs) - approximately	7,848,991	7,848,991
Actual production after conversion into 20's count (Kgs)	4,709,430	4,792,756
Number of animals	<u>442</u>	<u>418</u>

42.1 Under utilization of installed capacities is mainly due to non availability of power.

Note 43

Authorization of Financial Statements

These financial statements were authorized for issue on 09 October, 2013 by the Board of Directors of the Company.

Note 44

Subsequent Events

There are no subsequent events occurring after balance sheet date.

Note 45

General

45.1 The figures have been rounded off to the nearest rupee.

Lahore
October 09, 2013

(Khawaja Mohammad Nadeem)
Chief Executive

(Danish Tanveer)
Director

KEY FINANCIAL DATA OF LAST SIX YEARS

Rupees in '000

	2013	2012	2011	2010	2009	2008
Sales	2,839,789	2,376,625	3,829,250	2,627,387	2,098,980	1,963,833
Gross Profit	241,219	161,630	365,011	234,686	214,421	175,630
Loss/Profit Before Taxation	58,290	(111,078)	119,413	27,898	14,898	706
Tax	(24,206)	(23,373)	(58,878)	(20,964)	(11,352)	(11,168)
Loss/Profit After Taxation	34,085	(134,450)	60,535	6,934	3,546	(10,462)
Total Assets	1,763,379	1,546,121	1,770,597	1,432,904	1,267,531	1,308,723
Current Liabilities	1,003,597	980,124	1,025,897	677,536	579,388	606,785
	759,800	565,997	744,700	755,368	688,143	701,938

Share Capital	400,000	400,000	400,000	400,000	400,000	400,000
Accumulated Loss	(259,736)	(293,820)	(159,370)	(219,905)	(226,840)	(230,386)
Equity	140,264	106,180	240,630	180,095	173,160	169,614
Long Term Loans & Leases	563,560	410,854	448,966	544,777	493,966	513,637
Deferred Liability	55,976	48,963	55,104	30,496	21,017	18,687
	759,800	565,997	744,700	755,368	688,143	701,938

**CATAGORIES OF SHAREHOLDING REQUIRED UNDER CODE OF COPROATE GOVERNANCE (CCG)
AS AT JUNE 30, 2013**

Sr. No.	Name	No. of Shares Held	Percentage
Associated Companies, Undertakings and Related Parties (Name Wise Detail):			
1	NAVEED INDUSTRIES (PVT) LIMITED	75,000	0.1875
Mutual Funds (Name Wise Detail)			
1	GOLDEN ARROW SELECTED STOCKS	1,000	0.0025
Directors and their Spouse and Minor Children (Name Wise Detail):			
1	KHAWAJA MOHAMMAD JAWED	16,388,000	40.9700
2	KHAWAJA MOHAMMAD JAHANGIR PHINO	2,064,000	5.1600
3	KHAWAJA MOHAMMAD TANVEER	2,580,000	6.4500
4	KHAWAJA MOHAMMAD KALEEM	5,217,064	13.0427
5	KHAWAJA MOHAMMAD NADEEM	3,654,400	9.1360
6	MR. MOHAMMAD NAVEED	2,211,820	5.5296
7	MR. DANISH TANVEER	13,000	0.0325
8	MRS. KAUSAR TASNEEM W/O KHAWAJA MPHAMMAD JAWED	400	0.0010
9	MRS. RUBINA KHANUM W/O KHAWAJA MOHAMMAD JAHANGIR	5,000	0.0125
Executives:		-	-
Public Sector Companies & Corporations:		-	-
Banks, Development Finance Institutions, Non Banking Finance Companies, Insurance Companies, Takaful, Modarabas and Pension Funds:		1,120,937	2.8023
Shareholders holding five percent or more voting intrest in the listed company (Name Wise Detail)			
S. No.	NAME	Holding	%Age
1	KHAWAJA MOHAMMAD JAWED	16,388,000	40.9700
2	KHAWAJA MOHAMMAD KALEEM	5,217,064	13.0427
3	KHAWAJA MOHAMMAD JAHANGIR PHINO	2,064,000	5.1600
4	KHAWAJA MOHAMMAD TANVEER	2,580,000	6.4500
5	KHAWAJA MOHAMMAD NADEEM	3,654,400	9.1360
6	MR. MOHAMMAD NAVEED	2,211,820	5.5296

All trades in the shares of the listed company, carried out by its Directors, Executives and their spouses and minor children shall also be disclosed:

S.No	NAME	SALE	PURCHASE
1	KHAWAJA MOHAMMAD KALEEM	-	118,000

THE COMPANIES ORDINANCE, 1984 FORM-34
(Section 236(1) and 464)

01. Incorporation Number	L-01895
02. Name of Company	YOUSAF WEAVING MILLS LIMITED
03. Pattern of shareholding held by the shareholders as at	30-06-2013
04.	

NUMBER OF SHAREHOLDERS	SHAREHOLDING			TOTAL SHARES HELD
	From		To	
54	1	-	100	3,447
106	101	-	500	41,491
85	501	-	1,000	81,694
149	1,001	-	5,000	438,570
54	5,001	-	10,000	429,151
16	10,001	-	15,000	198,101
10	15,001	-	20,000	196,300
6	20,001	-	25,000	139,984
5	25,001	-	30,000	148,500
2	30,001	-	35,000	63,598
4	35,001	-	40,000	156,000
1	40,001	-	45,000	45,000
5	45,001	-	50,000	242,500
2	55,001	-	60,000	115,000
1	60,001	-	65,000	60,500
1	65,001	-	70,000	70,000
1	70,001	-	75,000	75,000
1	80,001	-	85,000	81,500
2	85,001	-	90,000	177,500
1	90,001	-	95,000	91,100
2	95,001	-	100,000	198,000
1	100,001	-	105,000	104,500
1	105,001	-	110,000	108,669
1	135,001	-	140,000	138,000
1	140,001	-	145,000	141,000
1	145,001	-	150,000	146,500
1	150,001	-	155,000	153,047
1	185,001	-	190,000	190,000
2	210,001	-	215,000	427,000
1	220,001	-	225,000	225,000
1	240,001	-	245,000	245,000
1	625,001	-	630,000	627,427
1	1,185,001	-	1,190,000	1,188,621
1	1,485,001	-	1,490,000	1,486,500
1	2,060,001	-	2,065,000	2,064,000
1	2,210,001	-	2,215,000	2,211,820
1	2,575,001	-	2,580,000	2,580,000
1	3,460,001	-	3,465,000	3,464,400
1	5,195,001	-	5,200,000	5,195,580
1	16,245,001	-	16,250,000	16,250,000
528				40,000,000

5. Categories of shareholders	Share held	Percentage
5.1 Directors, Chief Executive Officers, and their spouse and minor children	32,133,684	80.3342
5.2 Associated Companies, undertakings and related parties.	75,000	0.1875
5.3 NIT and ICP	1,189,721	2.9743
5.4 Banks Development Financial Institutions, Non Banking Financial Institutions.	848,694	2.1217
5.5 Insurance Companies	153,274	0.3832
5.6 Modarabas and Mutual Funds	5,200	0.0130
5.7 Share holders holding 10%	21,605,064	54.0127
5.8 General Public		
a. Local	5,340,345	13.3509
b. Foreign		
5.9 Others (to be specified)		
1- Joint Stock Companies	128,300	0.3208
2- Foreign Companies	7,200	0.0180
3- Leasing Companies	6,100	0.0153
4- Pension Funds	108,669	0.2717
5- Others	3,813	0.0095

6. Signature of Company Secretary

7. Name of Signatory

Muhammad Jahangir Khan

8. Designation

Company Secretary

9. NIC Number

10 Date

30 | 06 | 2013

Form of Proxy - 26th Annual General Meeting

The Corporate Secretary
Yousaf Weaving Mills Limited
 7/1 E-3 Main Boulevard Gulberg III, Lahore

Folio # / CDC A/C #.	
Participant I.D	
Account #	
Shares held	

I/We _____ of _____
 being a member (s) of Yousaf WEAVING MILLS LIMITED hold _____ ordinary shares hereby appoint
 Mr./Mrs./Miss _____ of _____ or
 failing him/her _____ of _____ as my /our
 Proxy to attend and vote for me/us and on my/our behalf at the 26th Annual General Meeting of the Company to
 be held on Thursday, 31st October, 2013 at 12:00 a.m. at 7/1 E-3 main boulevard gulberg iii, Lahore and at every
 adjournment thereof.

Signed this _____ day of _____ 2013.

- Witness: _____
 Signature: _____
 Name: _____
 Address: _____
 CNIC: _____



- Witness: _____
 Signature: _____
 Name: _____
 Address: _____
 CNIC: _____

Signature: _____

(Signature appended above should agree with the specimen signatures registered with the Company.)

IMPORTANT

- This Form of proxy, duly completed and signed, must be received at the registered office of the company, at 7/1 E-3 Main Boulevard Gulberg III, Lahore Pakistan, not less than 48 hours before the time of holding the meeting.
- If a member appoints more than one proxy and more than one instruments of proxy are deposited by a member with the company, all such instruments of proxy shall be rendered invalid.